

Frequently Asked Questions (FAQ) about the Trash Service and Request for Proposals (RFP)

1. Is saving money involved in this decision?

Yes, it is an important factor. The lowest bids received appear to result in savings or cost avoidance of over \$17 million over the next seven years (seven years is used because that's a typical proposed contract term) with about \$1.6 million annually and \$5.8 million in one-time revenues.

Current Operational Cost (7 years)	\$ 35,595,000
Proposal from Lowest Responsible Bidder (7 years)	\$ 24,382,000
<i>Difference – Operations Only</i>	<i>\$ 11,213,000</i>
One Time Savings, Payments, Funds Released	\$ 5,800,000
<i>Net Difference – Contract v. Current Cost</i>	<i>\$ 17,013,000</i>

The above chart has a number of notes – (1) it that compares seven years of costs with a cost escalator of 2.5% annually. It also deletes certain fixed costs – costs that the City would have regardless of who provides the service – from the Current Operational Cost line item. These costs include the Newport Coast trash collection contract. The one-time line item includes the sale of the City trash equipment to the proposer (\$1.5M) and the release of \$4.3M in banked equipment reserves back to the General Fund. The proposal from the low bidder line item includes the amount that the bidder stated that the bidder would pay to use the City's transfer station at the City Corporate Yard off of Industrial Way.

2. How will the City control the costs of the contract?

Contract costs can actually have better controls than City programs. With a contract, costs are controlled within the contract terms. The City successfully manages dozens if not hundreds of contracts for services done by the private sector – like tree trimming, street sweeping, trash collection in the Newport Coast, and more. In some cases, a CPI adjustment is included, but in all cases costs are strictly limited by contract terms. *With the current government-run system*, we have some very uncontrollable costs such as pension costs, worker's compensation, liability insurance, and benefit costs – each of which are rising at greater than 2.5% per year.

3. Will there be any cost obligation passed on to the homeowner?

In most of Newport Beach (the exceptions being newly annexed areas like Bonita Canyon and Santa Ana Heights), residents do not and cannot pay for their trash collection service. Unlike almost all cities in California, residents in single family homes here (again, with some exceptions in newly annexed areas) pay for trash only through existing property taxes – there is no separate charge. And property taxes cannot be increased to cover trash charges. Therefore, you pay nothing extra for trash collection service today, and under local law, you cannot pay more.

4. How can we be assured that the service level/quality will be maintained?

The City manages dozens of contracts for services done by the private sector such as tree trimming, street sweeping, trash collection in the Newport Coast, and more. Our staff is trained in contract management and builds very specific service standards into each contract. The contracts and those standards are closely monitored. If they are not adhered to, the contract can be terminated.

For years now, the roughly 4,000 homes in the Newport Coast (including Crystal Cove) have had private-sector automated trash collection – the City administers this contract with CR&R. The results of the City's 2010 Customer Satisfaction Survey show that respondents in every part of the city – whether they had contracted trash or City-collected trash service – said that they were “very satisfied” with the service provided. There was no difference in customer satisfaction levels.

5. Would we have to have those big ugly wheeled carts like they have in other cities? My yard and garage can't accommodate those.

No, you don't. The wheeled carts (which are actually easier to move than cans) are either 35 gallons, 65 gallons, or 95 gallons. You would get to choose which ones you want, as many as you need, all free of charge. The 35 gallon wheeled cart has a footprint smaller than the typical plastic can purchased at the hardware store.

6. Can I leave out bags of trash if I want to, like when I'm going on vacation or leaving for a few days?

Yes.

7. My trash collectors are really great about picking up whatever I leave out. Will that go away?

All of the trash you set out will be picked up every week, just like it is now. All of the proposing companies are well aware of the service level provided today, and have been asked to replicate it. A “concierge-type service” would even be available – where you can request that the collector gets the cans or carts from your side yard (this level of service is common in some other cities).

8. About those containers – who pays for them, how many can we have, and where can we place them?

The City will pay for them, after working with you personally to hear what you’d like to have. You can have as many as you need, and can have any size you need (there are three – small, medium, and large). If you choose to recycle, we’ll give you a free recyclables cart, too. Automated carts typically are placed at the curb, if there is a curb. If not, automated collection still works fine wherever it’s placed. Remember, this is a system that is already in place in most communities and works fine in very hilly towns with alleys, trees, and narrow streets (like Laguna Beach).

9. I don’t want to be forced to recycle (separate recyclables from trash) at home.

That’s okay, and you won’t be forced to recycle. Some people want to be able to recycle at home (in some cases, being hounded to do so by their kids), and some clearly don’t. Again, you can **choose** to separate recyclables at home, and have any number of free “clean recyclable” carts. Modern systems have one clean cart for all recyclables – glass, plastic, paper, etc – all in one single cart.

10. Will the sizes of trucks be different and will routes be the same?

The truck sizes are about the same, although they would be fueled by compressed natural gas (or a similar clean fuel). There are small trucks that manage small, narrow areas, and standard ones for standard streets. Pickup schedules are unlikely to change, but we don’t know that for certain right now. For Peninsula residents, summertime Saturday service will be maintained, and Saturday service after July 4th will be provided.

11. What will happen to the current employees if this service is contracted?

After several retirements and promotions to other positions, the City's FY 08-09 workforce of 25 refuse collectors is now at fifteen (15) employees. Two of these are on worker's comp leave, so we have temporary workers picking up trash. We recently reached an agreement with our full-time employees and their labor association to ensure that all of them have good options in this process. They can: (1) stay with the City in another City job; (2) move to the private company to work, at their discretion; or (3) retire (if eligible), with a generous incentive. The new company is required to interview and offer jobs to qualified City employees.

In some cases, staff members will be able to retire with their pension AND work for the new company. All City refuse workers today are vested in the public pension system, so they will get a pension when they reach retirement age, even if they are working with the new company. Odds are, they would also report to work at the same location – the City yard.

12. Will I have a City Contact Person to Report Issues?

Yes. We have a specific day-to-day City staff member to contact for issues, including same day collection if you missed putting out your cans. There would also be a specific contact at the company.

13. But the system isn't broken! Why change something we like?

But parts of the system actually are broken:

- Manually lifting trash is **hard and injury-prone work**. As noted, two of our collectors are out on leave now. In the last three years, we've spent over \$350,000 in claims and claims administration for 25 different injury cases for our refuse division staff – that's more than any City function except police and fire. We lost 678 hours of work during those three years, forcing us to add overtime hours and further risking staff's well-being.
- Secondly, our **equipment** is getting old and in need of replacement. Of our fleet of 15 trucks, 11 are out of compliance with air quality rules. Five of these are 16 or more years old. At about \$250,000 per truck to replace, it makes sense to look at an automated system now, as well as towards a company that has the trucks already.
- **Pension costs**. Pension costs will absorb more and more of our city budget in the coming years. While we've made great progress in reducing those costs, more work must be done. Whenever we can get quality service from an outsourced provider at reduced costs from the government-run system, it is important that we do so.

There are other good reasons, too. **Quality.** This is a service where the private sector does very well, with excellent customer service standards and well-paid and well-benefited employees. Our citizen satisfaction surveys show that the satisfaction levels (“very satisfied”) are the same in parts of town with contracted trash collection as with City-provided trash collection.

Improved Recycling. As the State of California ratchets up its recycling requirements to diverting 75% of waste from landfills by 2020, the most effective system is likely one that combines voluntary recycling at home with a materials recovery system to sort through trash. The proposed “Newport Automated” system is that same system.

Community Investment. Given the proposed savings, the City will be able to invest the \$17 million in quality-of-life improvements in like parks, improved roads, streetscapes, public safety, and other improved services. Even as pension costs grow, it is vital that communities like ours keep safe and “looking sharp” to protect property values overall.

If you have more questions about refuse collection, or if you want a **home visit** to see how the various sizes of carts might fit in your space, give us a call at 949-644-3030 or e-mail at questions@newportbeachca.gov.